

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 2566 – SB 2630

March 21, 2012

SUMMARY OF AMENDMENTS (012570, 013958): Moves the date by which a child must be five years of age to enter kindergarten to August 31 for the 2013-2014 school year and to July 31 for all subsequent school years. Deletes language in the original bill authorizing parents to request early entry into kindergarten for their four-year olds. Authorizes early entry of four-year olds if the director of schools deems them sufficiently emotionally and academically mature based on evaluation and testing. Changes the effective date of the bill to October 1, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

Net Decrease State Expenditures - \$48,077,400/One-Time/FY13-14

Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the
exception of FY13-14

Net Decrease Local Expenditures - \$25,508,200/One-Time/FY13-14

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

On March 10, 2012, a fiscal memorandum was issued for these amendments with a fiscal impact of *Net Decrease State Expenditures - \$22,697,700/One-Time/FY14-15; \$22,697,700/One-Time/FY15-16; Increase Local Expenditures - \$5,400/FY13-14 and Subsequent Years with the exception of FY14-15 and FY15-16; Net Decrease Local Expenditures - \$12,039,800/One-Time/FY14-15; \$12,039,800/One-Time/FY15-16.*

After receiving additional information from the Department of Education, it has been determined that the fiscal impact on these amendments was incorrect. The number of students that has been impacted has decreased to avoid double counting students who would have been held back a year in the absence of this bill. The DOE estimates this number of students will be five and eight tenths (5.8%) percent. The corrected fiscal impact is as follows.

HB 2566 – SB 2630 (CORRECTED)

(CORRECTED)

**Net Decrease State Expenditures - \$21,226,600/One-Time/FY14-15 and
FY15-16**

**Increase Local Expenditures - \$5,400/FY13-14 and Subsequent Years with the
exception of FY14-15 and
FY15-16**

**Net Decrease Local Expenditures - \$11,259,100/One-Time/FY14-15 and
FY15-16**

Assumptions applied to amendments:

- Statutory class limits will remain in effect.
- There will be a one-time reduction in the number of students entering kindergarten in the 2013-2014 school year with birthdays in September and again in 2014-2015 school year for students with birthdays in August.
- The number of students entering kindergarten in the fall of the 2012-2013 school year will be unchanged.
- According to the Department of Education (DOE), 6,435 students will enter kindergarten a year later than under current law in FY13-14 and again in FY14-15.
- DOE also estimates that five and eight tenths (5.8%) percent of students (373) will be held back a year in the absence of this bill.
- This will reduce the number of students affected in each year to 6,062 (6,435 – 373).
- The BEP will fund \$6,037 per student. Of this sum, the state will fund \$3,944, and the local government will fund \$2,093.
- Because the BEP generates funding based on prior year enrollment, the one-time reduction will not be realized until FY14-15 and again in FY15-16
- The exact number of students who will be found emotionally and academically mature who will therefore enter kindergarten early is unknown. This number will depend upon the number of tests and evaluations conducted by the LEA and the test results.
- The Department of Education estimates that each early entry screening will cost \$8 per child. If five students per LEA receive early entry into kindergarten beginning in FY13-14 and continuing in subsequent years, the annual number of students entering early will be 680 (5 x 136 LEAs). The annual increase in local expenditures will be \$5,440 (\$8 x 680).
- A one-time increase in BEP expenditures will result in FY14-15 and FY15-16 due to more students entering kindergarten earlier. After the second year, empty slots created in subsequent years, based on prior year early entries, will be filled by new students entering early; however, there will not be an increase in BEP expenditures for these students since it is assumed here that the ADM slots will be replaced on a one-to-one basis.

- The net decrease in the number of students entering kindergarten a year later will be 5,382 (6,062 – 680).
- The one-time decrease in state expenditures in FY14-15 and FY15-16 will be \$21,226,608 (5,382 students x \$3,944).
- The one-time net decrease in local expenditures in FY14-15 and FY15-16 will be \$11,259,086 [(5,382 students x \$2,093) – \$5,440].
- The increase in local expenditures for student testing in FY13-14 and subsequent years will be \$5,440 with the exception of FY14-15 and FY15-16 when the one-time BEP reduction in state and local expenditures will be effective.
- Since the overall number of slots available will not change, there will be no impact on pre-kindergarten funding. Pre-kindergarten is not funded through the BEP.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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